

FCC's Review of the Broadcast Ownership Rules

FCC Consumer Facts

Background

Congress has mandated that the Federal Communications Commission (FCC) periodically review its broadcast ownership rules to determine “whether any of such rules are necessary in the public interest as a result of competition.” In response to this direction, the FCC in 2003 released an order that replaced the existing newspaper-broadcast station and radio-television station cross-ownership limits with a new rule setting a single set of media cross-ownership limits. The FCC also revised the local television ownership rule, retained the dual network rules, and amended its radio market definition and method of counting stations for purposes of the local radio ownership rule. Several parties challenged these new rules in federal court. In June 2004, the court issued an opinion that affirmed some of the new rules, but, for others, stayed their effective date and remanded them to the FCC for reconsideration. Therefore, in June 2006, the FCC opened a new phase of its broadcast ownership rulemaking to reconsider the remanded rules and resume its periodic review of all broadcast ownership rules. The rules currently in effect are summarized below.

Rules

The six rules in effect and the years of their original adoption are:

- **Newspaper/Broadcast Cross-Ownership Prohibition (1975)**
The newspaper/broadcast cross-ownership rule prohibits common ownership of a full-service broadcast station and a daily newspaper when the broadcast station’s “contour” or service area encompasses the newspaper’s city of publication.
- **Radio/TV Cross-Ownership Restriction (1970)**
The original radio/TV cross-ownership rule prohibited common ownership of a radio and TV station in the same market. The current rule allows common ownership of at least one television and one radio station in a market. In larger markets, a single entity may own additional radio stations depending on the number of other independently-owned media outlets in the market.
- **Local TV Multiple Ownership Rule (1964)**
The local TV ownership rule allows an entity to own two television stations in the same Designated Market Area (DMA) (as defined by Nielsen Media Research) provided: (1) the contours or service areas of the stations do not overlap; and (2) at least one of the stations is not ranked among the four highest-ranked stations in the DMA (based on market share), and at least eight independently-owned commercial or non-commercial broadcast television stations would remain in the DMA after the proposed combination.
- **Dual TV Network Rule (1946)**
The dual network rule originally prohibited any entity from maintaining more than a single radio network. A few years later, the rule was extended to television networks. Today, the dual network rule prohibits a merger between or among these four television networks: ABC, CBS, Fox, and NBC.

(More)



Rules (cont'd.)

- **Local Radio Ownership Rule (1941)**
Initially, the FCC's local radio ownership rule prohibited common ownership of same service radio stations (AM or FM) that served substantially the same area. Currently, the FCC's local radio ownership rule imposes the following limitations: (1) in a radio market with 45 or more commercial radio stations, a party may own, operate, or control up to 8 commercial radio stations, not more than 5 of which are in the same service; (2) in a radio market with between 30 and 44 commercial radio stations, a party may own, operate, or control up to 7 commercial radio stations, not more than 4 of which are in the same service; (3) in a radio market with between 15 and 29 commercial radio stations, a party may own, operate, or control up to 6 commercial radio stations, not more than 4 of which are in the same service; and (4) in a radio market with 14 or fewer commercial radio stations, a party may own, operate, or control up to 5 commercial radio stations, not more than 3 of which are in the same service, except that a party may not own, operate, or control more than 50 percent of the stations in that market.

- **National TV Ownership Rule (1941)**
When the FCC first adopted national ownership restrictions for television broadcast stations in 1941, it put numerical limits on the number of stations that could be commonly-owned. The rule has been amended a number of times thereafter to increase the permitted level of common ownership. Currently, the national TV ownership rule prohibits an entity from owning television stations that would reach more than 39% of U.S. television households. "Reach" is defined as the number of television households in the TV DMA to which each owned station is assigned. All TV households in the DMA are attributed to VHF stations; 50% of TV households in the DMA are attributed to UHF stations.

For more information on the FCC's broadcast ownership rules and the pending reexamination of those rules, visit our Web site at www.fcc.gov/ownership or www.fcc.gov/mb/policy/own.html.

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